EXHIBIT 3 – Part 3

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Revenue Recognition

Interest income on investments in loans is recognized over the life of the investment on the accrual basis. Fees received in connection with loans are recognized over the term of the loan as an adjustment to yield. Anticipated exit fees, whose collection is expected, will also be recognized over the term of the loan as an adjustment to yield. Unamortized fees are recognized when the associated loan investment is repaid before maturity on the date of such repayment. Premium and discount on purchased loans are amortized or accreted on the effective yield method over the remaining terms of the loans.

Income recognition will generally be suspended for loan investments at the earlier of the date at which payments become 90 days past due or when, in our opinion, a full recovery of income and principal becomes doubtful. Income recognition is resumed when the loan becomes contractually current and performance is demonstrated to be resumed.

Stock-based Compensation Plans

We account for stock-based compensation in accordance with the provisions of Statement of Financial Accounting Standards (''SFAS'') 123R, *Accounting for Stock-Based Compensation*. SFAS 123R requires that compensation cost for stock based compensation be recognized ratably over the benefit period of the award. Because all of our stock-based compensation is issued to non-employees, the amount of compensation is to be adjusted, in accordance with Emerging Issues Task Force (''EITF'') 96-18, *Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services*, in each subsequent reporting period based on the fair value of the award at the end of the reporting period until such time as the award has vested or the service being provided is substantially completed or, under certain circumstances, likely to be completed, which ever occurs first.

Income Taxes

We intend to elect to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code beginning with our taxable year ending December 31, 2007. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our ordinary taxable income to stockholders. As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will then be subject to federal income tax on our taxable income at regular corporate rates and we will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distributions to stockholders. However, we believe that we will operate in such a manner as to qualify for treatment as a REIT and we intend to operate in the foreseeable future in such a manner so that we will qualify as a REIT for federal income tax purposes. We may, however, be subject to certain state and local taxes.

Recently Issued Accounting Pronouncements

In June, 2007, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 07-1, *Clarification of the Scope of the Audit and Accounting Guide* Investment Companies *and Accounting for Parent Companies and Equity Method Investors for Investments in Investment Companies.* This SOP provides guidance for determining whether an entity is within the scope of the AICPA Audit and Accounting Guide *Investment Companies* (the Guide). Entities that are within the scope of the Guide are required, among other things, to carry their investments at fair value, with changes in fair value included in earnings. The provisions of this SOP have been deferred indefinitely, however, the Company is currently evaluating this guidance and has not determined whether it will be required to apply the provisions of the SOP in presenting its financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which established a framework for calculating the fair value of assets and liabilities as required by numerous other

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accounting pronouncements, and expands disclosure requirements of the fair value of certain assets and liabilities. SFAS 157 is effective for us on January 1, 2008. The Company is currently evaluating the impact, if any, that the adoption of this statement will have on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. This statement was issued with the intent to provide an alternative measurement treatment for certain financial assets and liabilities. The alternative measurement would permit fair value to be used for both initial and subsequent measurement, with changes in fair value recognized in earnings as those changes occur. This ''Fair Value Option'' would be available on an instrument-by-instrument basis. For us, SFAS 159 is effective for January 1, 2008. The Company is currently assessing the impact, if any, that adoption of this statement will have on our consolidated financial statements.

Results of Operations

For the three months ended September 30, 2007 and for the period from June 22, 2007 (commencement of operations) to September 30, 2007

Revenue

We earned investment income on our portfolio of mortgage and real estate related investments of approximately $5.9 million for the three month period ended September 30, 2007. For the period from June 22, 2007 (commencement of operations) through September 30, 2007, our investment in loans generated approximately $6.5 million. We did not utilize leverage during these periods and therefore did not incur any interest expense related to the financing of our investments. In order to increase our net income and the cash flows available to pay dividend to our stockholders, we intend to pursue a strategy of acquiring additional investments by leveraging our portfolio of investments through a warehouse facility, dedicated asset financing and other borrowings. Care is not currently levered, accordingly income from investments on loans for the three months ended September 30, 2007 and for the period from June 22, 2007 through September 30, 2007 is not representative of the Company's business plan.

Other Income for the three month period ended September 30, 2007 and for the period from June 22, 2007 (commencement of operations) to September 30, 2007 amounted to $217,000 and $220,000, respectively. Other Income largely interest earned on cash balances and miscellaneous fees.

Expenses

For both the three months ended September 30, 2007 and for the period from June 22, 2007 to June 30, 2007 (period of commencement), we recorded total related party expenses of approximately $1.3 million consisting of the base management fee payable to our Manager under our management agreement.

Included in our expenses is stock based non-employee compensation related to our issuance of 133,333 shares of restricted common stock to our Manager's employees, some of whom are also Care officers or directors, and 15,000 shares to our independent directors with a total fair value of approximately $2.2 million at the date of grant. The shares granted to our Manager's employees vest on June 22, 2010, three years from the date of grant. The shares granted to our independent directors vest ratably over the next three years on each anniversary of the date of grant. Pursuant to SFAS 123R, we recognized $142,000 in expense for the three month period ended September 30, 2007 and $161,000 in expense from June 22, 2007 (commencement of operations) to September 30, 2007 related to these stock grants. The balance of this compensation will be recognized over the remaining vesting period and the amount of the compensation adjusted to fair value at each measurement date pursuant to SFAS 123R.

Marketing, general and administrative expenses were approximately $1.0 million for the three months ended September 30, 2007 and $1.3 million for the period from June 22, 2007 (commencement of operations) to September 30, 2007. These expenses consist of professional fees, insurance and

general overhead costs for the Company. We had approximately $20,000 of expenses for the period from June 22, 2007 (commencement of operations) to September 30, 2007 relating to our formation involving miscellaneous non-recurring costs for initial setup, design and related work.

As discussed previously, we also recorded non-employee compensation expense of approximately $9.1 million related to the issuance of 607,690 shares of our common stock to our Manager pursuant to the Manager Equity Plan. The 607,690 shares represent approximately 46% of the total shares available under the plan and 717,945 shares remain available under the Manager Equity Plan.

The management fees, expense reimbursements, formation costs and the relationship between our Manager and us are discussed further in "Related Party Transactions."

We had net income of approximately $3.7 million for the three months ended September 30, 2007 largely the result of $5.9 million in income from investments in loans, offset by fees earned by our Manager and recurring operating expenses. We had a net loss of approximately $5.2 million for the period from June 22, 2007 (commencement of operations) to September 30, 2007. The net loss includes non-employee compensation expense of approximately $9.1 million relating to the issuance of 607,690 shares of our common stock to our Manager.

Cash Flows

Cash and cash equivalents was $23.9 million at September 30, 2007 and was provided by $210.3 million in net proceeds from our initial public offering and $6.9 million from operations for the period from June 22, 2007 (commencement of operations) to September 30, 2007, offset by $193.3 million of net investment in loans over the period.

Cash flows provided by operations for the period from June 22, 2007 (commencement of operations) to September 30, 2007 was primarily comprised of a $5.2 million net loss for the period, adjusted for $9.1 million in stock-based compensation granted to our Manager, and a $2.7 million net change in operating liabilities and assets. Also impacting cash flows from operations were non-cash charges of $0.4 million related to amortization of loan premium and stock-based compensation, offset by $0.1 million related to amortization of deferred fees and net gain from prepayment of a loan.

Net cash used in investing activities for the period from June 22, 2007 (commencement of operations) to September 30, 2007 was primarily used for the $204.3 million purchase of the initial portfolio from our manager and $16.6 million of additional investments in loans, offset by $27.6 million in loan prepayments, scheduled amortizations and other loan-related payments.

Net cash provided by financing activities for the period from June 22, 2007 (commencement of operations) to September 30, 2007 resulted from the $225.0 million proceeds from our initial public offering in June, 2007 reduced by $14.7 million in underwriting and other costs associated with the initial public offering.

Liquidity and Capital Resources

Liquidity is a measurement of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain loans and other investments, pay dividends and other general business needs. Our primary source of funds for liquidity consists of funds we raised in our initial public offering in June 2007. Additional sources of liquidity will be net cash provided by operating activities, repayment of principal by our borrowers in connection with our loans and investments, borrowings under our warehouse facility, the issuance by us or special purpose vehicles owned by us of fixed income securities collateralized by certain of our investments and the issuance by us of preferred equity or common equity in secondary offerings.

We believe these sources of financing, including the net proceeds of our initial public offering, will be sufficient to meet our near-term liquidity needs. Since our initial public offering in June 2007, liquidity in the global credit markets has been curtailed and interest rate spreads have widened significantly. Concerns stemming from the sub-prime residential mortgage market in the United States have spilled over to other sectors of the credit markets, including securitized financing vehicles such as

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short-term warehouse facilities and longer-term structures such as CDOs and CMBS. Consequently, the advance rates under the warehouse facility are more restrictive than initially planned. This disruption in the credit markets may impede our ability to grow in the short-term until the credit markets return to a more normal environment.

Our ability to meet our long-term liquidity and capital resource requirements will be subject to obtaining additional debt financing and equity capital. We cannot anticipate when credit markets will stabilize and liquidity becomes available. Our actual leverage will depend on our mix of investments and the cost and availability of leverage. If we are unable to renew, replace or expand our sources of financing, it may have an adverse effect on our business, results of operations, and ability to make distributions to our stockholders. Any indebtedness we incur will likely be subject to continuing covenants and we will likely be required to make continuing representations and warranties about our company in connection with such debt. Our debt financing terms may require us to keep un-invested cash on hand, or to maintain a certain portion of our assets free of liens, each of which could serve to limit our borrowing ability. Moreover, our debt may be secured by our assets. If we default in the payment of interest or principal on any such debt, breach any representation or warranty in connection with any borrowing or violate any covenant in any loan document, our lender may accelerate the maturity of such debt requiring us to immediately repay all outstanding principal. If we are unable to make such payment, our lender could foreclose on our assets that are pledged as collateral to such lender. The lender could also sue us or force us into bankruptcy. Any such event would have a material adverse effect on our liquidity and the value of our common stock. In addition, posting additional collateral to support our credit facilities will reduce our liquidity and limit our ability to leverage our assets.

To maintain our status as a REIT under the Internal Revenue Code, we must distribute annually at least 90% of our taxable income. These distribution requirements limit our ability to retain earnings and thereby replenish or increase capital for operations. However, we believe that, when the credit markets return to normal conditions, our significant capital resources and access to financing will provide us with financial flexibility at levels sufficient to meet current and anticipated capital requirements, including funding new lending and investment opportunities, paying distributions to our stockholders and servicing our debt obligations.

Capitalization

As of September 30, 2007, we had 21,012,373 shares of common stock outstanding.

Quantitative and Qualitative Disclosures about Market Risk

Market risk includes risks that arise from changes in interest rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. In pursuing our business plan, we expect that the primary market risks to which we will be exposed are real estate and interest rate risks.

Real Estate Risk

Commercial mortgage assets and net operating income derived from such properties are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, national, regional and local economic conditions which may be adversely affected by industry slowdowns and other factors, local real estate conditions (such as an oversupply of retail, industrial, office or other commercial space), changes or continued weakness in specific industry segments, construction quality, age and design, demographic factors, retroactive changes to building or similar codes, and increases in operating expenses (such as energy costs). In the event net operating income decreases, or the value of property held for sale decreases, a borrower may have difficulty repaying our loans, which could result in losses to us. Even when a property's net operating income is sufficient to cover the property's debt service, at the time a loan is made, there can be no assurance that this will continue in the future.

The current turmoil in the residential mortgage market may continue to have an effect on the commercial mortgage market and real estate industry in general for the foreseeable future.

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Interest Rate Risk

Interest rate risk is highly sensitive to many factors, including the availability of liquidity, governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

Our operating results will depend in large part on differences between the income from our assets and our borrowing costs. Most of our assets and borrowings are expected to be variable-rate instruments that we will finance with variable rate debt. The objective of this strategy is to minimize the impact of interest rate changes on the spread between the yield on our assets and our cost of funds. Although we have not done so to date, we may enter into hedging transactions with respect to liabilities relating to fixed rate assets in the future. If we were to finance fixed rate assets with variable rate debt and the benchmark for our variable rate debt increased, our net income would decrease. Furthermore, as most of our planned financing will allow the lender to mark our assets to market and make margin calls based on a change in the value of our assets, financing fixed rate assets with floating rate debt will create the risk that an increase in fixed rate benchmarks (such as ''swap'' yields) would decrease the value of our fixed rate assets. Some of our loans may be subject to various interest rate floors. As a result, if interest rates fall below the floor rates, the spread between the yield on our assets and our cost of funds will increase, which will generally increase our returns.

In the event of a significant rising interest rate environment and/or economic downturn, delinquencies and defaults could increase and result in credit losses to us, which could adversely affect our liquidity and operating results. Further, such delinquencies or defaults could have an adverse effect on the spreads between interest-earning assets and interest-bearing liabilities.

Our funding strategy involves leveraging our investments through borrowings, generally through the use of warehouse facilities, bank credit facilities, repurchase agreements, secured loans, securitizations, including the issuance of CDOs or Commercial Mortgage Bond Securities, loans to entities in which we hold, directly or indirectly, interests in pools of assets, and other borrowings. In the short-term we intend to use warehouse lines of credit to finance the acquisition of assets until a sufficient quantity of eligible assets is accumulated, at which point we intend to refinance through a CDO securitization or other long-term secured financing. Currently, the availability of liquidity through CDOs is very limited due to investor concerns surrounding sub-prime mortgage credit risk, hedge fund losses, the large volume of unsuccessful leveraged loan syndications and related impact on the overall credit markets. These concerns have materially impacted liquidity in the debt markets, making financing terms for borrowers significantly less attractive. We cannot foresee when credit markets may stabilize and liquidity becomes available. A prolonged downturn in the term CDO and CMBS markets may cause us to seek alternative sources of potentially less attractive financing, and may impede our ability to grow the Company in accordance with our business plan.

Contractual Obligations

The table below summarizes our contractual obligations as of September 30, 2007 (Amounts in thousands).

	2007	2008	2009	2010	2011+
Commitments to fund loans	$ 3.0	$ 2.0	$ —	$ —	$ —

The estimated amounts and timing of the commitments presented above are based on projections based on data provided by borrowers. The projections are subject to adjustments based on changes in borrowers' needs. Any amounts due to our Manager under the Management Agreement are not included in the table above because such amounts are not fixed and determinable.

Off-Balance Sheet Arrangements

As of September 30, 2007, we had no off-balance sheet arrangements.

Dividends

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our REIT taxable income, determined before taking into consideration the dividends

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paid deduction and net capital gains. We intend to pay regular quarterly dividends to our stockholders. Before we pay any dividend, whether for Federal income tax purposes or otherwise, which would only be paid out of available cash to the extent permitted under our secured credit facility, we must first meet both our operating requirements and any scheduled debt service on our outstanding borrowings.

Related Party Transactions

Contribution Agreement

We and our Manager entered into a contribution agreement, pursuant to which our Manager contributed a portfolio of initial assets to us and we issued to our Manager shares of our common stock and cash. Our Manager determined that the fair value of the assets contributed was approximately $283.1 million on June 22, 2007 inclusive of approximately $4.6 million in premium. The initial assets were acquired in exchange for approximately $204.3 million in cash from the proceeds of our initial public offering and 5,256,250 restricted shares of our common stock at a fair value of approximately $78.8 million. We recorded each initial asset we purchased at its fair value.

Management Agreement

In connection with our initial public offering, we entered into a Management Agreement with our Manager which describes the services to be provided by our Manager and its compensation for those services. Under the Management Agreement, our Manager, subject to the oversight of our board of directors, is required to conduct our business affairs in conformity with the policies and the investment guidelines that are approved by our board of directors. The Management Agreement has an initial term expiring on June 30, 2010, and will automatically be renewed for one-year terms thereafter unless terminated by us or our Manager.

Please see Note 5. *Related Party Transactions — Management Agreement* in the Notes to Consolidated Financial Statements in Part I — Item 1 for a summary description of the compensation, fees and costs payable to our Manager.

Transactions with our Manager included:

- The acquisition of our initial assets from our Manager upon the completion of Care's initial public offering. The fair value of the acquisitions was approximately $283.1 million inclusive of approximately $4.6 million in premium. In exchange for these assets, we issued 5,256,250 restricted shares of common stock to our Manager at a fair value of approximately $78.8 million and paid approximately $204.3 million in cash from the proceeds of our initial public offering.
- Our issuance of 607,690 shares of common stock issued to our Manager concurrently with our initial public offering at fair value of $9.1 million at date of grant. These shares vested immediately and therefore their fair value was expensed at issuance;
- Our issuance of 133,333 shares of restricted common stock to our Manager's employees, some who are also Care officers or directors, and 15,000 shares to our independent directors, with a total fair value of approximately $2.2 million at the date of grant. The shares granted to our Manager's employees vest on June 22, 2010, three years from the date of grant. The shares granted to our independent directors vest ratably over the next three years on each anniversary of the date of grant. Pursuant to SFAS 123R, we recognized approximately $142,000 and $161,000 in expense for the three months ended September 30, 2007 and for the period from June 22, 2007 (commencement of operations) to September 30, 2007, respectively, related to these grants. The remainder of this compensation will be recognized over the remaining vesting period and the amount of the compensation adjusted to fair value at each measurement date pursuant to SFAS 123R;
- Our $2.2 million liability to our Manager for professional fees paid and other third party costs incurred by our Manager on behalf of Care related to the initial public offering of our common stock ($0.6 million) and business operations ($1.6 million); and

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- Our accrual of $1.3 million for the Base Management Fee as required pursuant to our agreement with our Manager from June 22, 2007 (commencement of operations) to September 30, 2007.

Non-GAAP Financial Measures

Funds from Operations

Funds from Operations, or FFO, which is a non-GAAP financial measure, is a widely recognized measure of REIT performance. We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do.

The revised White Paper on FFO, approved by the Board of Governors of NAREIT in April 2002 defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures.

Adjusted Funds from Operations

Adjusted Funds from Operations, or AFFO, is a non-GAAP financial measure. We compute AFFO in accordance with our Management Agreement's definition of FFO and as such it may not be comparable to AFFO reported by other REITs that do not compute AFFO on the same basis. Our management agreement defines FFO, for purposes of the agreement, to mean net income (loss) (computed in accordance with GAAP), excluding gains (losses) from debt restructuring and gains (losses) from sales of property, plus depreciation and amortization on real estate assets and non-cash equity compensation expense, and after adjustments for unconsolidated partnerships and joint ventures; provided, that the foregoing calculation of Funds From Operations shall be adjusted to exclude one-time events pursuant to changes in GAAP and may be adjusted to exclude other non-cash charges after discussion between the Manager and the independent directors, and approval by the majority of the independent directors in the case of non-cash charges.

FFO and AFFO

We believe that FFO and AFFO are helpful to investors as measures of the performance of a REIT because, along with cash flow from operating activities, financing activities and investing activities, FFO and AFFO provide investors with an indication of our ability to incur and service debt, to make investments and to fund other cash needs. AFFO, as defined in our agreement with our Manager, also provides the basis for the computation of the amount of the Management Incentive Fee payable to our Manager.

Neither FFO nor AFFO represent cash generated from operating activities in accordance with GAAP and they should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of our financial performance or cash flow from operating activities (determined in accordance with GAAP), as a measure of our liquidity, nor are they indicative of funds available to fund our cash needs, including our ability to make cash distributions.

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FFO and AFFO for the three months ended September 30, 2007 and for the period from June 22, 2007 (commencement of operations) to September 30, 2007 were as follows (in thousands except per share data):

	For the three months ended September 30, 2007	
	FFO	AFFO
Net income	$ 3,714	$ 3,714
Add:		
Stock-based compensation to Manager	—	—
Stock-based non-employee compensation	—	142
Funds From Operations and Adjusted Funds From Operations	$ 3,714	$ 3,856
FFO and Adjusted FFO per share basic and diluted	$ 0.18	$ 0.18
Weighted average shares outstanding – basic and diluted	20,864,040	20,864,040

	For the period from June 22, 2007 (commencement of operations) to September 30, 2007	
	FFO	AFFO
Net loss	$ (5,183)	$ (5,183)
Add:		
Stock-based compensation to Manager	—	9,115
Stock-based non-employee compensation	—	161
Funds From Operations and Adjusted Funds From Operations	$ (5,183)	$ 4,093
FFO and Adjusted FFO per share basic and diluted	$ (0.25)	$ 0.20
Weighted average shares outstanding – basic and diluted	20,864,040	20,864,040

FORWARD-LOOKING INFORMATION

We make forward looking statements in this Form 10-Q that are subject to risks and uncertainties. These forward looking statements include information about possible or assumed future results of our business and our financial condition, liquidity, results of operations, plans and objectives. They also include, among other things, statements concerning anticipated revenues, income or loss, capital expenditures, dividends, capital structure, or other financial terms, as well as statements regarding subjects that are forward looking by their nature, such as:

- our business and financing strategy;
- our ability to obtain future financing arrangements;
- our ability to acquire investments on attractive terms;
- our understanding of our competition;
- our projected operating results;
- market trends;
- estimates relating to our future dividends;
- completion of any pending transactions;
- projected capital expenditures; and
- the impact of technology on our operations and business.

The forward looking statements are based on our beliefs, assumptions, and expectations of our future performance, taking into account the information currently available to us. These beliefs, assumptions, and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, and results of operations may vary materially from

those expressed in our forward looking statements. You should carefully consider this risk when you make a decision concerning an investment in our securities, along with the following factors, among others, that could cause actual results to vary from our forward looking statements:
